

***United States Court of Appeals
for the Second Circuit***



APPELLEE'S BRIEF

ORIGINAL

74-1449

United States Court of Appeals

For the Second Circuit

MISS UNIVERSE, INC.,

Plaintiff-Appellant,

against

**NATIONAL BROADCASTING CO., INC. and
UNIVERSAL CITY STUDIOS, INC.,**

Defendants-Appellees,

**On Appeal from the United States District Court
for the Southern District of New York**

BRIEF OF DEFENDANTS-APPELLEES



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Defendants-Appellees.

APPELLEES' BRIEF

PRELIMINARY STATEMENT

We disagree with the Appellant's Statement of the Issues Presented for Review. Likewise, we take exception to its Statement of the Case.

STATEMENT OF THE ISSUES
PRESENTED FOR REVIEW

Was the District Court clearly erroneous in holding:

1. That the use of the words "Miss U.S.A" and "Miss United States" in the title and film of the television program "McCloud: Who Killed Miss

U.S.A." did not constitute an infringement of the plaintiff's registered marks and did not constitute unfair competition with the plaintiff.

2. The plaintiff did not establish a case for trade libel and did not establish a case predicated upon dilution of its marks.

STATEMENT OF THE CASE

Nature of the Case

Plaintiff produces two beauty pageants, one called "Miss U.S.A.", also known as "Miss United States" and "Miss United States of America", and the second called "Miss Universe". Both are claimed to be very well known in the United States.

On February 17, 1970, defendant, National Broadcasting Company, Inc. ("NBC" herein) telecast one of a series of World Premiere movies entitled "McCloud: Who Killed Miss U.S.A.". The motion picture was written, produced and furnished NBC by defendant, Universal Studios, Inc. ("Universal" herein). Its title is alleged to infringe plaintiff's mark "Miss U.S.A.". It is also alleged that plaintiff's

servicemark "Miss United States" was infringed by reference to it during the course of the motion picture.

In addition to trademark infringement, the complaint (4a - 12a) alleges cause of action in unfair competition, trade libel and dilution of the alleged distinctive qualities of the trademark pursuant to section 368-d of the New York General Business Law.

Course of Proceedings

The action was commenced in mid-February of 1970. After the deposition taken of the plaintiff by its president, Miss Universe moved for summary judgment on the first cause of action only. This motion was denied in April of 1971 (20a-22a).

After a period of 18 months, during which the case was completely dormant, the parties received a questionnaire prepared by Judge Edelstein as to the status of the action. This prompted the plaintiff to demonstrate renewed interest in the case. There was a substitution of attorneys and the matter was assigned to Judge Knapp late 1972. A Pre-trial Order was filed in June 1973 (47a).

After a 2-day trial in March of 1974 Judge Knapp, at the conclusion of the plaintiff's

evidence, orally delivered Findings of Fact and Conclusions of Law and dismissed the complaint (125a-129a).

STATEMENT OF FACTS

In general, we can accept the Statement of Facts submitted by the appellant. Its arguments and conclusions however are quite another matter.

In the first instance, it should be noted that the television program, when rebroadcast over the NBC Television Network on September 8, 1970, was rebroadcast under the title "McCloud" (27a). The appellant's statements concerning the title of the rebroadcast at pages 4 and 5 of its brief are erroneous.

For the most part, Miss Universe chooses in its Statement of Facts (pages 9 through 12 inclusive) to characterize the content of the television program. These contentions are wholly at odds with the broadcast itself and were specifically rejected by Judge Knapp in his Findings of Fact (125a-129a). For example, Judge Knapp found on the basis of the testimony that one could conclude that during the years the appellant's beauty contest was conducted,

contestants might have been without chaperone. This finding is supported by pages 84a-87a. Moreover, if one screens the telecast, it will be seen that the contestants, to the extent the subject was mentioned, were chaperoned but that the girl was murdered when the chaperone stepped out of her room for a brief moment.

A screening of the film will also reveal that the program had nothing at all to do with beauty contests but rather concerned the efforts to solve a murder.

The case can more aptly be discussed from the point of view of facts not adduced. There are, for example, no facts bearing upon considerations relevant to a determination of likelihood of confusion; and no facts pertaining to the issue of trade libel. Not only did plaintiff offer no evidence to suggest that a viewer could rationally identify it from the broadcast but Miss Universe in fact stipulated that this was not the case (28a par. 19; 32 a par. 11).

In the ensuing discussion, it will be seen that Judge Knapp was absolutely correct in disposing of this litigation at the conclusion of the plaintiff's evidence.

SUMMARY OF ARGUMENT

We will first point out that the "clearly erroneous rule" governs this appeal. The question then is not as claimed by Miss Universe, Inc. whether it has stated a cause of action or causes of action.

Addressing ourselves to the merits of the appeal, we will consider each of the causes of action pleaded in the complaint in the line of the record and the appropriate authorities.

ARGUMENT

POINT I

THE TRIAL COURT'S FINDINGS
SHOULD NOT BE SET ASIDE
UNLESS THEY ARE CLEARLY
ERRONEOUS

Throughout its brief, in its STATEMENT OF ISSUES and elsewhere, page 15 for example, Miss Universe argues that for the judgment to be reversed it need only demonstrate that a cause of action has been pleaded. This contention is rooted in a misapprehension of the Court's function in a non-jury case. Miss Universe obviously holds the view that

in dismissing a complaint at the close of the plaintiff's evidence, the Court in a trial without a jury may not consider and decide questions of fact but rather must rule on matters of law only in the manner in which the Court would direct a verdict in a jury case. This contention is absolutely false.

See generally 5 Moore, Federal Practice ¶41.13[4] (2d Ed. 1965) in which the learned author states that following the 1946 amendment to rule 41(b), Federal Rules of Civil Procedure, the Courts clearly have the power, in a non-jury case, to dispose of the matter at the first opportunity and in so doing the power to weigh the evidence, consider the law and find for the defendant at the close of the plaintiff's case. Not only is this method of sanctioned by the Rules of Federal Civil Procedure but in appropriate cases is encouraged. We submit that this is an appropriate case for an expedited disposition.

Rule 52, Federal Rules of Civil Procedure, makes clear that the Trial Court's findings are not to be set aside unless clearly erroneous. Thus,

the questions to be decided on this appeal are not whether causes of action have been pleaded but rather whether under all the circumstances the Trial Court's decision was clearly erroneous.

POINT II

THE CAUSE OF ACTION FOR TRADEMARK
INFRINGEMENT CANNOT BE MAINTAINED
BECAUSE THERE HAS BEEN NO TRADEMARK
USE OF PLAINTIFF'S REGISTERED MARKS
AND BECAUSE PLAINTIFF DID NOT PROVE
THE LIKELIHOOD OF CONFUSION

A - No Trademark Use

It is our contention that the use of the words "Miss U.S.A.", as a part of the motion picture title "McCloud: Who Killed Miss U.S.A.", does not constitute a trademark use of plaintiff's trademark.

The words "Miss U.S.A." are common and in the public domain. They plainly conjure up the image of a winner of a beauty contest. Defendants used the words in that primary sense, and not in a manner calculated to convey to the public the idea that "Miss U.S.A." was being used by them as the designation of the source of origin of any products or services, much less the services rendered by this

plaintiff.

Under these circumstances, there can be no finding of infringement. See Jean Patou, Inc. v. Jacqueline Cochran, Inc., 201 F. Supp. 861 (S.D.N.Y. 1962), aff'd 312 F. 2d 125 (2nd Cir. 1963); Field Enterprises Educational Corp. v. Cove Industries, Inc., 297 F. Supp. 989 (S.D.N.Y. 1969). See also Venetianaire Corp. v. A & P Import Co., 302 F. Supp. 156, 158-59 (S.D.N.Y. 1969), aff'd 429 F. 2d 1079 (2nd Cir. 1970), wherein the court was able to conclude that the defendant's use of the contested word was a trademark use by the emphasis given the word by the defendant, and because the defendant used it in the same manner and within the same trade-dress context as did the plaintiff. These considerations are not even claimed to be present in this case.

In the following cases, no trademark use of the plaintiff's mark was found.

In Mathews Conveyer Co. v. Palmer Bee Co., 135 F. 2d 73, 83 (6th Cir. 1943), plaintiff used a certain mark to exploit a product it manufactured. Defendant used the identical language as a part of a sentence in connection with its advertising of an

identical product. Since the language there in issue, as at bar, was susceptible of common use in ordinary speech, infringement was not found. This is consistent with the District Court's conclusion (125a-126a) that the mere use of words as part of a title is insufficient.

In Kiki Undies Corp. v. Alexander's Department Stores, Inc., 390 F. 2d 604 (2nd Cir. 1968), the Court held that defendant's use of plaintiff's registered mark "kiki" was merely used as an adjective, and concluded that the plaintiff's claim was without merit.

In addition, see Fund of Funds Ltd. v. First American Fund of Funds Inc., 274 F. Supp. 517 (S.D.N.Y. 1967), a case in which the defendant was permitted to use the words "fund of funds", plaintiff's mark, to describe its business or as a slogan. *Id.* at 527-28. Finally, see Statler Mfg. Co. v. George C. Knight Co., 228 F. 2d 136 (6th Cir. 1955), in which the plaintiff was the owner of the trademark "Junior" for a children's steering wheel. The defendant manufactured a more complicated apparatus geared for a child's use in an automobile and, in

some of its advertising, utilized such phrases as "Junior Drivette". The Court unanimously agreed that such use was not as a trademark, and affirmed the District Court's dismissal of the complaint.

The evidence demonstrated that the defendants' title "McCloud: Who Killed Miss U.S.A." clearly describe the content of this motion picture. This is likewise true with respect to the language "Who Killed Miss United States", which was used to identify the book authored by the young woman with whom McCloud comes in contact. In addition, the defendants' use is completely dissimilar from the plaintiff's use. That is to say, the plaintiff does not use its marks to refer to a person but, rather, to refer to its services.

For the foregoing reasons, there has been no trademark use of the plaintiff's service mark.

**B - The Plaintiff Did Not Prove
Likelihood of Confusion**

The District Court held this failure fatal to the first cause of action (126a). It has been said that, prior to 1961, the cases decided in the Second Circuit treating the subject were somewhat

inconsistent both in their approach and in the results reached. King Research, Inc. v. Shulton, Inc., 454 F. 2d 66, 67 (2nd Cir. 1972). In that year, however, Polaroid Corp. v. Polarad Electronics Corp., 287 F. 2d 492 (2nd Cir.) cert. denied, 368 U.S. 820 (1961), was decided, and the test of "likelihood of confusion" there enunciated has been followed with consistency since. King Research, supra, 454 F. 2d at 68. Because of its importance, the relevant portion of the Polaroid opinion is now set forth in full:

"Where the products are different, the prior owner's chance of success is a function of many variables: the strength of his mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers. Even this extensive catalogue does not exhaust the possibilities - the court may have to take still other variables into account. American Law Institute, Restatement of Torts, §§729, 730, 731."

287 F. 2d at 495.

No one of these considerations is determinative.

Triumph Hosiery Mills, Inc. v. Triumph International Corp., 308 F. 2d 196, 197-98 (2nd Cir. 1962).

Rather, the plaintiff's case is to be rated against each such, and decided upon on overall evaluation. See the approach taken in King Research case, supra, 454 F. 2d 66. See also Chandon Champagne Corp. v. San Marino Wine Corp., 335 F. 2d 531, 536 (2nd Cir. 1964), and 2 McCarthy, Trademarks and Unfair Competition, §24.6, at 134 (1973) (hereinafter "McCarthy").

It is not sufficient that plaintiff demonstrate the possibility of confusion. Carter-Wallace, Inc. v. The Proctor & Gamble Co., 434 F. 2d 794, 804 (9th Cir. 1970). "Likelihood of confusion" means the probability of confusion. 3 Callmann, The Law of Unfair Competition, Trademarks and Monopolies, §80, at 540 (3rd Ed. 1969) (hereinafter "Callmann"); 2 McCarthy, §23.1, at 36.

Consistent with this approach, the District Court weighed the case against the Polaroid considerations (126a) and concluded that the public would not be confused if Universal were to continue to show the motion picture in question. Before it can be

reversed, the conclusion must be found to be clearly erroneous.

Before proceeding with the analysis required by the Polaroid case, a word or two may properly be injected here concerning the distinction between competing and non-competing products or services. The Polaroid opinion, although citing with approval the Restatement of the Law of Torts criteria for a finding of likelihood of confusion, seemingly limits the criteria to a case where the products are different, that is, non-competing. Compare the Polaroid opinion, 287 F. 2d at 495, with Sections 730 and 731 of the Restatement, which applies the criteria to all cases without first requiring that a determination be made as to whether the products or services in question are competing or non-competing.

The seeming difference in approach need not concern us for two reasons. Firstly, the Restatement's criteria (Section 731), as indeed those enunciated in Polaroid, are so worded that, were the goods or services competing, may of the criteria would be weighed heavily in the complaining party's favor. Hence, there is no

reason to first decide between competing or non-competing products or services. Rather, the criteria should be applied directly.

Secondly, should it be desirable to first decide whether the products and services in issue are competing or non-competing, it would readily be found that they are non-competing. See the District Court's opinion in the King Research case, supra, 324 F. Supp. 631, 637, which states, in part, that competing goods are functionally related and interchangeable. They are reasonably interchangeable by buyers for the same purpose. Purchasers are willing or ready to substitute one product for the other. 2 McCarthy, §24.6, at 131 (1973). Do the goods satisfy the same need; that is, are they offered to the same customers, and are they comparable with respect to quality, price and service. In a word, are they "substitutes" for each other. 3 Callmann §82.2(c) at 804.

The answer, we submit, is obviously that the products and services in issue are not competing.

The District Court in King Research, incidentally, stated that the absence of functional

interchangeability is a "salient factor" negating the likelihood of confusion. 324 F. Supp. at 637.

The plaintiff suggest, pages 30 and 31 of its brief, that the products are competing, in that its beauty pageant and defendants' program are both seen on television. This is the same as saying that products compete merely because they are sold in stores. Indeed, it is not sufficient that they are sold in the same type of store. Hot Shop Quality Products, Inc. v. Sifers Chemicals, Inc., 452 F. 2d 1080 (10th Cir. 1971).

At another point Miss Universe argues that it is not essential that the goods be competing. This, of course, is true, but in such cases the plaintiff must establish Poloroid criteria. This it has not done.

We will now discuss the case in the light of the criteria enunciated in the Polaroid case, 287 F. 2d at 495.

ACTUAL CONFUSION

The plaintiff conceded in advance of trial that it could not prove actual confusion (32a-33a)

and that it had received from third parties no reports concerning defendants' motion picture which reflect adversely upon the plaintiff (28a-29a). The motion picture was first broadcast on February 17, 1970, and was repeated, under a different title, on September 8, 1970 (26a-27a). Each of these broadcasts were carried by the NBC Television Network. Thereafter, the motion picture was broadcast by certain independent television stations under a different title (27a).

Now it is, of course, true that in trademark action seeking equitable relief, the test is the likelihood of confusion and not actual confusion. The reason, says Professor Callmann, is that, when such relief is sought with reasonable promptness, the defendants' use will have been of such short duration that, even if actual confusion has occurred, proof thereof is virtually unobtainable. 3 Callman §80.6, at 561-62; Clairol, Inc. v. The Gillette Co., 270 F. Supp. 371, 379 (S.D.N.Y. 1967).

Callmann goes on to say that after the lapse of a substantial time, if no one appears to have been actually deceived, that fact is strongly probative of

the defense that there is no likelihood of confusion. 3 Callmann §80.6, at 562; Fieldcrest Mills, Inc. v. Couri, 220 F. Supp. 929, 932 (S.D.N.Y. 1963). Four years after the broadcast this case was tried and still there is no evidence of actual confusion.

GOOD FAITH

Miss Universe assumes that good faith is a defense to be pleaded and proved by the alleged infringer. This is not so. Rather as enunciated in the Polaroid case, bad faith in adopting a mark is relevant to the issue of likelihood of confusion. But bad faith must be established by the plaintiff. See generally 2 McCarthy, supra §23:32.

The author goes on to note that in the absence of any objective likelihood of confusion, intent cannot transmute a lawful act into an unlawful one. It should be noted that the Trial Court specifically found that there was no conceivable intent to deceive the public or palm off (128a). The Court so held because there was a total absence of any objective likelihood of confusion in the light of the other Polaroid considerations.

The plaintiff finds bad faith in the fact that we were notified of its objections prior to the first broadcast. But this is hardly sufficient. See Triumph Hosiery Mills, Inc. v. Triumph International Corp., 308 F. 2d 196, 199 (2nd Cir. 1962). The proscribed intention is one which seeks to obtain a "free ride" on the reputation of the owner of the trademark. If the defendant acted with the honest belief that his conduct was non-tortious, he has not acted in bad faith within the meaning of trademark law. Ibid. The plaintiff offered no proof at all.

From the bare fact that the plaintiff notified the defendants of its objection, it does not follow that the defendants could not have honestly believed that, upon weighing all pertinent factors, a court would declare that an ensuing action lacks merit. Ibid. If they so believed, they would be acting in good faith. Ibid.

But, even were bad faith found, the scope of protection to be given a mark is determined by a consideration of all of the factors enunciated in the Polaroid case. Miss Universe, Inc. v. Patricelli, 408 F. 2d 506, 510 (2nd Cir. 1969).

SIMILARITY OF MARKS

For infringement purposes, the form and content of the mark are the only relevant considerations in the determination of a mark's similarity. In this case, the marks are sufficiently dissimilar to preclude liability for infringement. Indeed, some cases state that even "a small difference in spelling or appearance may be sufficient to distinguish [the marks] and avoid a finding of confusing similarity." The Seven-Up Company v. Tropicana Products, Inc., 148 U.S.P.Q. 604 (CCPA 1966). See also: Juvenile Shoe Corp. of America v. Camp & McInnes, Inc., 160 U.S.P.Q. 505; and Eastern Wine Corp. v. Winston-Warren Ltd., 137 F. 2d 955 (2nd Cir. 1943), cert. den. 320 U.S. 758 (1944).

In the instant case, the marks claimed to be infringed are "Miss U.S.A." and "Miss United States" while defendants' use consists of the titles "McCloud: Who Killed Miss U.S.A." and "Who Murdered Miss United States". That these are dissimilarities sufficient to preclude the likelihood of confusion is demonstrated by the Miss Universe

case. Therein, 408 F. 2d at 508-09, the Court held that the defendant, who also conducted a national and international beauty contest, would be perfectly free to use the trademark "Miss World-U.S.A.".

In so holding, the Court observed that the mark "Miss World-U.S.A." contained a different distinguishable major element, in that the emphasis was upon "Miss World". At bar, not only is the dominant feature of defendants' title the words "McCloud" in one instance and "Who Killed" in the other, but the words "Miss U.S.A." do not refer to, indeed do not suggest, the operation of a beauty contest but rather refer to a person - a reference point, it will be recalled, wholly inappropriate to plaintiff's marks.

A further reference to the Miss Universe case is appropriate. The Second Circuit criticized the District Court's enjoining the defendant from using "any name containing the words of one of the registered marks plus whatever additional words or terms may be added to them or inserted between them." 408 F. 2d at 511. This, in practical effect, was a decree in aid of plaintiff's

efforts to create, or support, an enlarged monopoly, a result wholly at odds with the letter and spirit of the trademark laws. Ibid.

Finally, similarity of mark has been held to be insufficient in and of itself to warrant equitable interference because of claimed infringement or unfair competition. In Polaroid Corp. v. Polarad Electronics Corp., 182 F. Supp. 350 (E.D.N.Y. 1960), aff'd, Polaroid case, supra, 287 F. 2d 492, the Court said at 352, 353:

"[B]ut mere similarity, absent a resemblance between their products, does not constitute infringement or unfair competition. American Steel Foundries v. Robertson, 269 U.S. 372 46 S. Ct. 160, 70 L. Ed. 317. There must be more than that. There must be proof that such similarity has resulted or may result in confusion in the minds of consumers as to the source or origin of the products involved, confusion which has led or might lead a purchaser of defendant's goods to believe he was purchasing those of the plaintiff. It was, therefore, necessary for the latter to establish that the defendant's products or service are similar to those of the plaintiff."

PROXIMITY OR SIMILARITY OF
PRODUCTS

It is perfectly obvious that there is absolutely

no similarity between the services rendered by the plaintiff and the defendants' motion picture.

In the Polaroid case, to which reference has just been made, the Court found some similarity between "Polaroid" and "Polarad", but stated that this was not sufficient. It was necessary for the plaintiff to establish that the defendant's products or services were similar to its own. 182 F. Supp. at 353. Because plaintiff could not sustain its burden on this issue, the complaint was dismissed.

See also, General Motors Corp. v. Cadillac Marine & Boat Co., 226 F. Supp. 716 (W.D. Mich. 1964), a case in which plaintiff claimed that the defendant's use of the word "Cadillac", together with crests, "V's" and script lettering, upon boats it manufactured, infringed its trademark. The evidence showed that plaintiff manufactured marine diesel engines for use in boats, albeit boats of a different class. The Court held the products to be dissimilar, and rendered judgment for the defendant.

Plaintiff's marks were accorded recognition in

the Miss Universe case because they had acquired a secondary meaning. 408 F. 2d at 509. In General Motors, supra, the Court, at 726, adopted the following as a correct statement of the law:

The secondary meaning of a name, however, has no legal significance, unless the two parties make or deal in the same kind of goods (emphasis in original).

Plaintiff promotes the goods and services of others through the medium of a beauty contest. The product, upon which the alleged infringing mark appears, is a motion picture concerning the efforts of a sheriff to track down the murderer of a beauty queen. No similarity may be found in the products themselves.

AREA AND MANNER OF CONCURRENT USE

The consideration, though not mentioned in Polaroid, supra, is referred to in the Restatement and Miss Universe, 408 F. 2d at 509. Inasmuch as plaintiff's beauty contest and defendants' program were on national television, it must be conceded that the area of use is the same. However, the "manner of use" relates to whether

the products are related in their ultimate use. See Maternally Yours, Inc. v. Your Maternity Shop, Inc., 234 F. 2d 538, 543 (2nd Cir. 1955), citing Restatement of Torts, § 729. The defendants' movie and plaintiff's beauty contest are in no way related in their ultimate use, as they satisfy entirely different needs. No viewer would watch the motion picture thinking he was going to be watching a Miss U.S.A. beauty contest.

In addition to the foregoing, it is plain that defendants' motion picture was clearly identified as to its origins. Plaintiff does not so much as suggest that defendants have imitated its advertising, its contest or anything else that might cause the public to confuse the two properties. Contrast this situation with that in the Maternally Yours case, supra, 234 F. 2d at 543.

CUSTOMER SOPHISTICATION

"In the absence of a clear showing of wanton copying, the law does not attempt to protect the careless or inattentive buyer ... The test, generally, is the purchaser exercising due care in the market place."

Vitarroz Corp. v. River Brand Rice Mills, Inc., 266 F. Supp. 981, 986 (S.D.N.Y. 1967). The inattentive buyer will not be disregarded in analyzing the prospect of confusion where the products and marketing techniques are such that some inattention can reasonably be expected. King Research, supra, 324 F. Supp. at 636.

The men and women who purchase plaintiff's services, and who acquire the motion picture produced by Universal, are dealing with what must be considered "expensive goods". Under such circumstances, the reasonably prudent buyer is elevated to the "discriminating purchaser". 2 McCarthy, § 23.28, at 93. It cannot be reasonably contended that this group of purchasers will be confused by defendants' motion picture.

How about the television viewer? Because "there simply must be some limits to the claimed asininity" of the public, Pocket Books, Inc. v. Dell Publishing Co., 49 Misc. 2d 596, 597 (Sup. Ct. 1966), we think the case of University of Notre Dame v. Twentieth Century-Fox Film Corp., 22 App. Div. 2d 452 (1st Dept.), aff'd 15 N.Y. 2d 940 (1965) is in point. At 455, the Court stated:

"Is there any basis for any inference on the part of rational readers or viewers that the antics engaging their attention are anything more than fiction or that the real Notre Dame is in some way associated with its fabrication or presentation? In our judgment there is none whatever. They know they are not seeing or reading about real Notre Dame happenings or actual Notre Dame characters; and there is nothing in text or film from which they could reasonably infer 'connection or benefit to the institution' (Cornell Univ. v. Messing Bakeries, 285 App. Div. 490, 492, aff'd 309 N.Y. 722). 'Nobody is deceived. Nobody is confused.' (Germanow v. Standard Unbreakable Watch Crystals, 283 N.Y. 1, 18), and plainly nobody was intended to be."

This conclusion is fortified in our case by the fact that the origin of these defendants' motion picture was clearly indicated, and the trade dress of the product itself (sound and audio aspects), as well as its advertising, in no way emulated the plaintiff's production. And, while it has been said that these considerations are appropriate to an action for unfair competition, and not a trademark action in the classical sense, 3 Callmann §80.5, at 556, there is no question but that the courts do give these factors a good deal of weight in trademark infringement proceedings. See King Research, supra, 454 F. 2d at 68; 2 McCarthy, supra, §23.18.

LIKELIHOOD THAT THE PLAINTIFF
WILL BRIDGE THE GAP

The plaintiff, at page 11 of its trial memorandum, advised that it is unlikely that it would ever "bridge the gap". In any event it offered no proof on the subject.

STRENGTH OF MARK

Field Enterprises Educational Corp. v. Cove Indus. Inc., 297 F. Supp. 989 (E.D.N.Y. 1969) explained this criterion in determining the likelihood of confusion at page 994:

"A fundamental concept in the law of trademarks and trade names is that known as 'hierarchy of trademarks'. [citation omitted] Some words, fanciful or coined, bear so little relation to the product they identify that they are considered entitled to protection against all users. These are commonly denominated 'strong' marks. Others are either descriptive or closely related to the product which they identify, and are, therefore, entitled to no protection unless they have acquired a secondary meaning -- that is to say, unless the public has learned to identify the name of the product with its source or origin."

In the Miss Universe case, supra, 408 F. 2d, the second circuit held that this plaintiff's mark would be protected because it had acquired a secondary meaning. 408 F. 2d at 509. The court went on to say that the more difficult question concerned the extent to which the mark was entitled to protection. It concluded that the defendants' use of the trademark "Miss World - U.S.A." would be permissible. This means that the plaintiff's mark will be protected in the area in which it functions only against a competitor's use of an exact duplicate of the plaintiff's mark, a clear recognition that the plaintiff's mark is not a strong one.

QUALITY OF THE PRODUCT

The plaintiff will not argue this consideration. Its memorandum, page 33.

It should, we think, be perfectly clear that the plaintiff's case rates most negatively when weighed against each of the criteria enunciated in the Polaroid decision. For these reasons, it must be concluded that there is no likelihood of confusion. The District Court's findings were not clearly erroneous.

POINT III

THE DEFENDANTS' MOTION PICTURE DOES NOT DISPARAGE ANY GOODS OR SERVICES OF THE PLAINTIFF.

The rules governing this cause of action have been stringently circumscribed, and it will become apparent that this theory of relief is not available to plaintiff. Judge Knapp specifically so found (126a-128a).

The law of New York is, of course, to be applied to a claim of unfair competition. Field Enterprises Educational Corp. v. Cove Industries, Inc., 297 F. Supp. 989 (E.D.N.Y. 1969). The law of New York is clear that, in an action for product disparagement, special damages must be pleaded and proved. Julie Research Laboratories, Inc. v. General Resistance, Inc., 25 App. Div. 2d 634, 635 (1st Dept. 1966), aff'd 19 N.Y. 2d 906 (1967). The plaintiff has not pleaded special damages and, in view of the concessions in the pretrial order, 28a par. 19, 32a par. 11, it was unable to prove such at trial. This theory or relief, then, is unavailable to it even assuming the fact of disparagement, an assumption we vigorously dispute.

If, on the other hand, the plaintiff were to take the position that it is not seeking relief upon the theory of unfair competition (product disparagement or trade libel), but, rather, is seeking relief upon the theory that the corporation itself has been libelled, it will fare no better.

This is so because the plaintiff corporation to maintain an action in defamation must prove that the publication clearly assails its management, credit or business. Hornell Broadcasting Corp. v. A. C. Nielsen Co., 8 App. Div. 2d 60, 63 (4th Dept. 1959). The language must be of such a character that it can be said that it injuriously and directly affects the corporation's credit or the management of its business, and that it necessarily causes pecuniary loss. First Nat'l Bank v. Winters, 225 N.Y. 47, 52 (1918). If the language be not of this character, the corporation can maintain the action only if special damages are pleaded. Hornell, supra, at 63.

The motion picture in question in no way attacks the plaintiff's credit or the management of its business. Hence, special damages are necessary.

The corporation may also, we have seen, maintain an action for product disparagement or trade libel. And, when it does, as we have also seen, special damages are absolutely necessary.

The Julie Research case, supra, 25 App. Div. 2d at 635, cites Prosser, The Law of Torts, for the proposition that, in a product disparagement case, special damages are necessary. At page 917-18 of the fourth edition of this work, the author distinguishes between language defamatory of the plaintiff and language which constitutes disparagement of its product or its business.

"If the statement made charges the plaintiff with personal misconduct, or imputes to him reprehensible characteristics, it is regarded as libel . . . [and actionable without proof of special damage]. On the other hand, if the aspersion reflects only upon the quality of what he has to sell, or the character of business as such, it is merely disparagement, and proof of damage is essential to the cause of action."

The author goes on to observe that, while it might be possible to imply some accusation of personal

inefficiency or incompetence in nearly every imputation directed against a business or its product, the courts refuse to do this and permit a finding of personal defamation "only where the imputation fairly implies that the plaintiff is dishonest or lacking in integrity, or that he is deliberately perpetrating a fraud upon the public by selling what he knows to be defective." Id. at 918.

The New York courts take this approach. Thus, for example, the Hornell opinion noted that no dishonesty or fraud was attributed to the plaintiff. 8 App. Div. 2d at 63. See also Blens Chemicals, Inc. v. Wyndotte Chemical Corp., 197 Misc. 1066, 1067 (Supp. Ct. 1950). (To be actionable without special damages, language must import that the plaintiff is guilty of deceit or malpractice in the manufacture or vending of goods.)

It is our contention that special damages not having been pleaded, the plaintiff can only maintain this theory of relief, if the language in question charges personal misconduct or reprehensible characteristics.

This, we submit, is clearly not the case and, hence, this theory of relief should be dismissed.

The District Court screened a film of the television program and concluded that the language was not susceptible of a defamatory meaning (126a-128a). Unless these findings are clearly erroneous, they should not be overturned on this appeal. The appellant at pages 35-37 of its brief characterizes certain portions of the film in a most misleading manner. These characterizations cannot prevail over the plain import of the film itself. Rather, the inferences to be drawn from language are governed by logic. The plaintiff's explanation of the words, or its conclusion as to what the words mean, if not logical, are to be disregarded. Tracy v. Newsday, Inc., 5 N.Y. 2d 134, 136-37 (1959).

Finally, even if it were found that the language was of such a character as to be actionable without proof of special damage, the plaintiff must still prove that, when fairly read, the language refers to it with particularity. Drug Research Corp. v. Curtis Publishing Co., 7 N.Y. 2d 435, 439 (1960). It is not enough, as the

Drug Research opinion pointed out, that plaintiff is mentioned in a context which may be defamatory of a third-party. The language claimed to be defamatory must touch the plaintiff with particularity.

In Landau v. Columbia Broadcasting System, Inc., 205 Misc. 357 (Supp. Ct. 1954), aff'd 1 App. Div. 2d 660 (1955), the plaintiff contended that he was the subject of a libel, and based his contention upon claimed similarities between the subject matter of a telecast and himself. The Court, at 361, observed that no one was misled into actually believing that the television portrayal was intended to refer to the plaintiff. The use was coincidental and would be understood by any rational viewer as being otherwise. We submit that the same rationale governs this case. No one will seriously contend that he thought that the plaintiff and its operations were being depicted in the motion picture in issue.

See, in this connection, the Notre Dame case, supra, 22 App. Div. 2d 452, wherein the court, after concluding that no rational viewer would infer that the real Notre Dame was being depicted (Id., at 455), stated,

at 458, that at "bottom" the university's grievance was trade libel, and that the remedy, if it could be proved, was at law.

POINT IV

THE CLAIM IN UNFAIR COMPETITION IS WITHOUT MERIT.

Not suprisingly, many of the cases referred to in this memorandum have discussed claims of unfair competition. See Venetianaire Corp. case, 302 F. Supp. at 160; the Field Enterprises case, 297 F. Supp. at 994; and the King Research case, 324 F. Supp. at 638. Field Enterprises notes the distinction between trademark and unfair competition claims. Whereas in the trademark case attention is focused upon the mark itself, a claim of unfair competition considers the total physical image given by the product and its name together. 297 F. Supp. at 995. The principles governing each claim, however, are fundamentally the same. Avon Shoe Co. v. David Crystal, Inc., 279, F. 2d 607, 614 (2nd Cir.) cert. denied

364 U.S. 909 (1960). Only the scope of the inquiry differs. The principles have been discussed at length and will not be repeated here.

The defendants' advertising and trade-dress bear no relationship, and are not claimed to bear a relationship, to the plaintiff's trade-dress and advertising. The claim of unfair competition is without merit and the District Court so found (126a, 128a).

POINT V

THE CLAIM OF DILUTION IS WITHOUT MERIT

In the King Research and Jean Patou cases, supra, 324 F. Supp. at 638, 201 F. Supp. at 866, dilution was discussed, and it was held that, not only has the doctrine been given little weight in this circuit, but that, where it has been given effect, the plaintiff has proved some measure of confusion. See also Cue Publishing Co. v. Colgate Palmolive Co., 45 Misc. 2d 161 (Sup. Ct.), aff'd 23 App. Div. 2d 829 (1st Dept. 1965), and Westward Coach

Mfg. Co. v. Ford Motor Co., 258 F. Supp. 67 (S.D. Ind. 1966), aff'd 388 F. 2d 627 (7th Cir. 1968), wherein the court, after an analysis of the cases throughout the country, came to the same conclusion. This principle is not disputed. Appellants' brief at 42.

Were relief to be granted absent confusion, the result would offend the Constitution. For in Sears Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964) and Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234 (1964), the court stated that while a state could, through its unfair competition laws, prevent the imitation of labels, trademarks and the distinctive trade dress of goods, it could do so because this is necessary to prevent confusion of goods and confusion as to the source of goods. 276 U.S. at 232. The two opinions make it clear that, absent a valid patent or copyright, the only legitimate interest a manufacturer has is the protection of his trade dress, labels and trademarks, so that confusion can be avoided. See Spangler Candy Co. v. Crystal Pure Candy Co., 235 F. Supp. 18, 27 (N.D. Ill. 1964) aff'd 353 F. 2d 641 (7th Cir. 1966).

Were the theory of dilution to be applied, absent confusion, the rationale of Sears and Compco would be thwarted.

POINT VI

THE DEFENDANTS' SECOND AFFIRMATIVE
DEFENSE PRECLUDES THE AWARDING OF
RELIEF

Defendants' second affirmative defense alleges that an award of judgment in plaintiff's favor would abridge the rights guaranteed them by the First Amendment.

In the Notre Dame case cited earlier, 22 App. Div. 2d at 457, the Court discussed the serious implications raised when a plaintiff seeks to enjoin a form of expression. It noted that the artistic merits of a motion picture are not in issue in such a case. It also noted a factor germane to the case at bar, that is, all should be free to write about public domain material, be it a school novel or, as in our case, a novel or motion picture concerning the murder of a beauty queen.

"Use of fictional names is no answer. Offended institutions would argue that they were readily identifiable with the inhibiting effect on freedom of expression resulting from the apprehension of criminal or civil sanctions that would understandably be entertained by cautious souls in

the chain of distribution to the public. This contingency has been deplored more than once in contexts not overly remote from the situation presented here [citations omitted]."

The Court concluded, at 458, that if the plaintiff be aggrieved, his remedy is at law in libel. We have seen that plaintiff has no cause of action for product disparagement.

That the dangers cautioned against by the Notre Dame Court are not fanciful is suggested by the record in this case. At 88a-90a and 104a-105a there was testimony that Miss Universe registered in the various states such marks as Miss Louisiana, Miss Ohio, etc. and that in certain cases these registrations were in conflict with other beauty pageants. This fact, together with the staggering number of beauty pageants conducted throughout the country makes it plain that it would be impossible to write a novel or screenplay the plot of which even indirectly referred to a beauty contestant without running the risk of violating the rights of some third party. Obviously, something more than

the mere mention of a beauty contest participant is required before there can be liability.

CONCLUSION

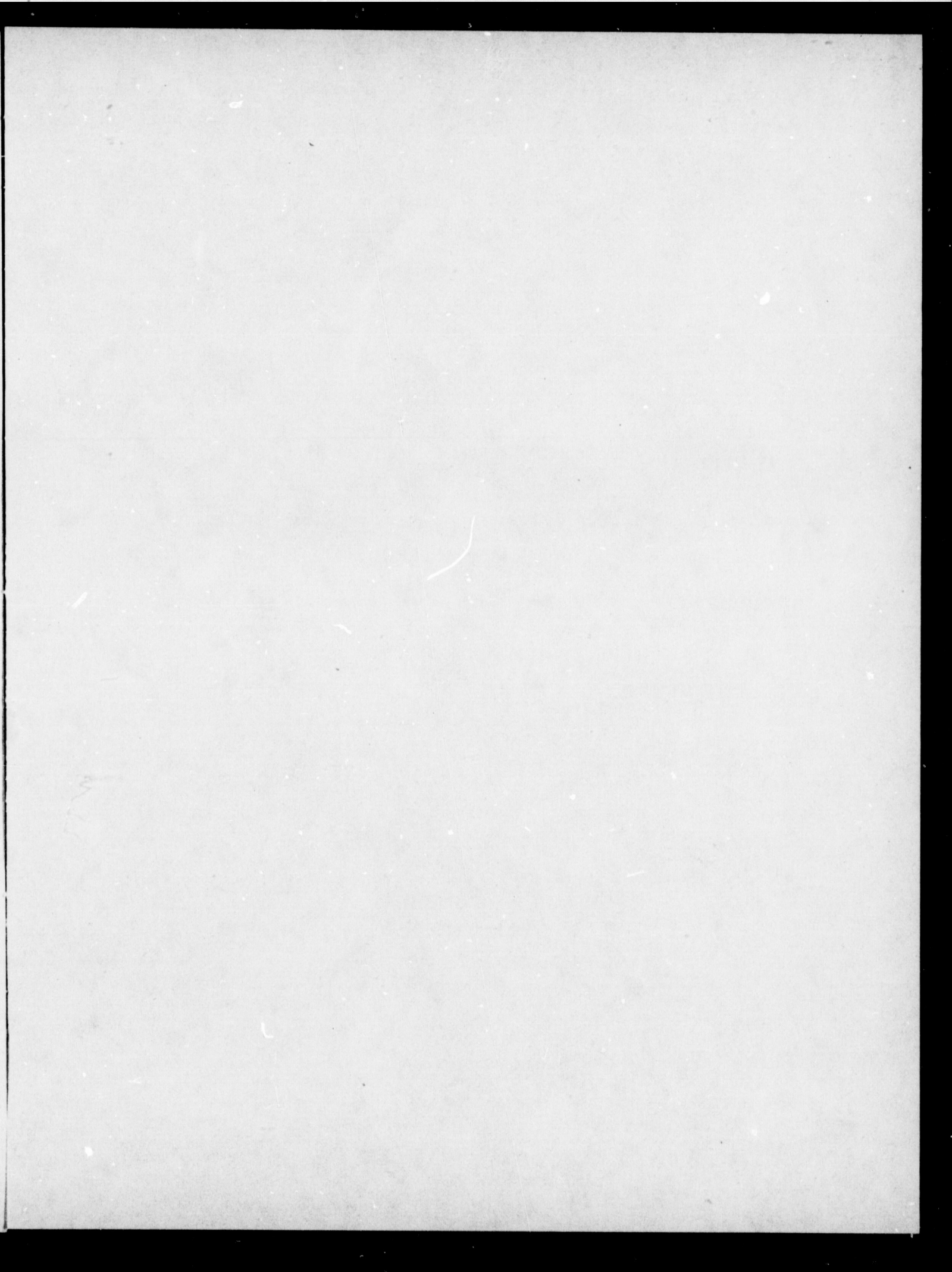
For the foregoing reasons, it is respectfully requested that the decisions appealed from be affirmed.

Respectfully submitted,

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Service of 2 copies of the
within BRIEF is hereby
admitted this 8TH day of

AUG 19 74

Signed Hyun Kwe

Attorney for Plaintiff - Appellant

